

**PUBLIC DISCLOSURE**

**OCTOBER 14, 2008**

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**GRAFTON SUBURBAN CREDIT UNION**

**Cert # 68057**

**86 WORCESTER STREET  
NORTH GRAFTON, MASSACHUSETTS 01536-1047**

**DIVISION OF BANKS**

**ONE SOUTH STATION**

**BOSTON, MA 02110**

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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## TABLE OF CONTENTS

I.	General Information.....	1
II.	Institution Rating	
	a. Overall Rating .....	1
	b. Conclusions with Respect to Performance Criteria .....	1
	c. Description of the Institution.....	2
	d. Description of the Assessment Area .....	2
	e. Conclusions Regarding Performance Criteria .....	5
III.	Appendix	
	a. General Definitions.....	A-1

## GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **GRAFTON SUBURBAN CREDIT UNION (or the "Credit Union")** prepared by the Division, the institution's supervisory agency.

### **INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"**

Based on the Small Institution CRA evaluation procedures specified for institutions with assets under \$265 million, Grafton Suburban Credit Union's overall CRA performance is considered Satisfactory. A summary of the Credit Union's performance is provided below.

The rating of this institution is based upon the results of a review under the criterion as shown in the public evaluation.

The Credit Union's net loan-to-share ratio for the previous eight quarters is reasonable given the Credit Union's size, financial condition, and the credit needs of its assessment area.

Lending activity within the Credit Union's assessment area is very good as 98.1 percent of its originations reportable under the Home Mortgage Disclosure Act ("HMDA") were within its assessment area.

The Credit Union demonstrates a satisfactory level of lending to members of different income levels.

The geographic distribution of the Credit Union's HMDA reportable loans reflects a less than reasonable dispersion throughout the assessment area.

Fair lending policies and practices are considered satisfactory. No weight was given to complaints, as none have been received by the Credit Union since the prior examination.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### **Description of Institution**

Founded in 1996, Grafton Suburban Credit Union is a federally insured state-chartered Credit Union. The purpose of the Credit Union is the promotion of thrift among its members by the accumulation of their savings and the loaning of such accumulations to its members for provident purposes at a moderate rate of interest. According to the Credit Union's bylaws, "Membership in this corporation is limited to those who live, work, or attend any elementary school, secondary school or school of higher education in Worcester County and family members of such persons." Application for membership must be in writing and must bear the approval of the Board of Directors or membership officer. A person approved for membership shall not become a member until they qualify by subscribing and paying in full for at least one share of capital. As of June 30, 2008, the Credit Union had 12,503 members.

The main office is located at 86 Worcester Street, in North Grafton, located in an upper-income census tract. The Credit Union has two branch offices, located at 43 Main Street in Grafton and 898 Grafton Street in Worcester, both located in middle-income census tracts. Business hours are readily accessible to all members. Both the main office and branch locations have drive-up service and ATM Teller locations. The Credit Union is a member of the SUM Program which is a surcharge free ATM network.

Some of the services and products the Credit Union offers are: online banking, online bill payment, home loans, construction loans, auto loans, recreational loans, savings accounts, checking accounts, CDs, IRAs, club accounts, money market accounts, and ATM/debit cards.

The Credit Union was last examined for compliance with the CRA on July 2, 2002. The examination resulted in a CRA rating of Satisfactory.

The Credit Union's asset size has increased from \$103.5 million to \$117.7 million since the previous examination. As of June 30, 2008, the Credit Union's asset size was \$117,651,950 with total gross loans of \$71,429,752 or 60.7 percent of total assets. The Credit Union's net loan-to-share ratio, as of the same date was 75.5 percent. First mortgage loans and lines of credit represent the largest portion of loans with 74.3 percent followed by all other real estate loans with 17.9 percent, followed by used vehicle loans with 3.4 percent and new vehicle loans with 3.2 percent.

The following table provides additional details regarding the Credit Union's loan portfolio:

<b>Grafton Suburban Credit Union Loan Portfolio Distribution</b>		
<b>Loan Type</b>	<b>Dollar Volume \$(000's)</b>	<b>% of Total</b>
Total First Mortgage Real Estate Loans/Lines of Credit	53,119,955	74.3
Total Other Real Estate/Lines of Credit	12,795,003	17.9
Used Vehicle Loans	2,409,748	3.4
New Vehicle Loans	2,269,422	3.2
All Other Unsecured Loans/Lines of Credit	710,284	1.0
Total All Other Loans/Lines of Credit	125,340	0.2
Unsecured Credit Card Loans	0	0.0
<b>Total</b>	<b>71,429,752</b>	<b>100.0</b>
<i>Source: 5300 Report, Statement of Financial Condition as of June 30, 2008.</i>		

### **Parity Powers**

On December 24, 2002, Grafton Suburban Credit Union received approval from the Division to engage in certain activities pursuant to Massachusetts General Laws chapter 171, Section 6A and authorized under the "Parity with Federal Credit Union Regulations", 209 CMR 50.00. These additional powers include:

- Second lien or non-purchase money first lien closed-end home equity residential mortgage loans up to 95% loan-to-value up to \$200,000 for a term up to 20 years pursuant to 209 CMR 50.06(3)(j)2 and 209 CMR 50.06(3)(k)1; and
- Second lien or non-purchase money first lien open-end home equity residential mortgage loans up to 95% loan-to-value up to \$200,000 pursuant to 209 CMR 50.06(3)(j)3 and 209 CMR 50.06(3)(k)1
- Change vendor arrangements for the indirect automobile lending program from an agreement with Credit Union Direct Lending to establishing direct arrangements with dealerships pursuant to 209 CMR 50.06(3)(f) and 209 CMR 50.06(3)(1)

### **Description of Assessment Area**

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The Office of Management and Budget establishes Metropolitan Statistical Areas ("MSA"s) for statistical reporting purposes by federal agencies. The Credit Union's assessment area contains all the cities and towns located in Worcester County. These include: Ashburnham, Athol, Auburn, Barre, Berlin, Blackstone, Bolton, Boylston, Brookfield, Charlton, Clinton, Douglas, Dudley, East Brookfield, Fitchburg, Gardner, Grafton, Harvard, Hardwick, Holden, Hopedale, Hubbardston, Lancaster, Leicester, Leominster, Lunenburg, Mendon, Milford, Millbury, Millville, New Braintree, North Brookfield, Northborough, Northbridge, Oakham, Oxford, Paxton, Petersham, Phillipston, Princeton, Royalston, Rutland, Shrewsbury, Southborough, Southbridge, Spencer, Sterling, Sturbridge, Sutton, Templeton, Upton, Uxbridge, Warren, Webster, West Boylston, West Brookfield, Westborough, Westminster, Winchendon, and Worcester.

The assessment area contains 164 census tracts. Of those tracts, 13 or 8.0 percent are low-income; 33 or 20.1 percent are moderate-income; 84 or 51.2 percent are middle-income; 32 or 19.5 percent are upper-income; and 2 or 1.2 percent are N/A. The low-income census tracts are located in Fitchburg, Southbridge and Worcester. The moderate-income tracts are located in Athol, Dudley, Fitchburg, Gardner, Leominster, Milford, Southbridge, Spencer, Warren, Webster and Worcester. The N/A census tracts are a veterinary school in Grafton and a prison in Harvard.

The following data provides demographic information pertaining to the Credit Union's assessment area. According to 2000 US Census data, the assessment area contains 298,159 housing units, of which 182,097 or 61.1 percent are owner occupied; 101,830 or 34.1 percent are occupied rental units; and 14,232 or 4.8 percent are vacant units. Of the total housing units, 6.2 percent are located in low-income census tracts, 20.0 percent are located in moderate-income census tracts, 52.0 percent are located in middle-income census tracts, 21.7 percent are located in upper-income census tracts and 0.1 percent is N/A.

Based on 2000 Census data, the assessment area has a total population of 750,963 individuals of which 284,218 are households. Of the total population, 6.1 percent reside in the assessment area's low-income census tracts, 18.1 percent in the moderate-income census tracts, 51.9 percent in middle-income census tracts, 23.8 percent in the upper-income census tracts and 0.1 percent is N/A. Of the total households, 193,812 are families and of these families, 4.8 percent are low-income, 17.0 percent are moderate-income, 53.0 percent are middle-income and 25.2 percent are upper-income families.

<b>Selected Housing Statistics by Income Category of the Geography*</b>						
<b>Census Tract</b>	<b>Total Housing Units</b>	<b>Total Households</b>	<b>Rental Units %</b>	<b>Owner Occupied %</b>	<b>Vacant Units %</b>	<b>Median Housing Value</b>
<b>Low</b>	18,752	17,341	14.4	1.5	10.7	95,544
<b>Moderate</b>	59,426	55,495	32.4	12.3	27.6	103,515
<b>Middle</b>	154,846	148,151	42.9	57.3	47.4	136,525
<b>Upper</b>	64,804	63,229	10.2	28.9	12.0	214,677
<b>N/A</b>	331	2	0.1	0.0	2.3	0
<b>Total</b>	<b>298,159</b>	<b>284,218</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>157,658</b>

\*Source: PCI Corporation Inc., CRA Wiz, Data Source: 2000 US Census

The median housing value in 2000 for the assessment area was \$157,658. Like much of New England, the area's housing prices until recently saw dramatic increases in value. Recent figures from the Warren Group show that the area's median home prices in 2006 ranged from a low of \$64,000 in New Braintree to \$580,125 in Southborough. In 2007 the median price ranged from a low of \$148,000 in Hardwick to a high of \$582,000 in Bolton and as of September 30, 2008 the median price ranged from a low of \$119,900 in Hardwick to a high of \$542,400 in Bolton. The average median sales price for housing has dropped

significantly over the past few years. In 2006 the average median sales price for the assessment area was \$260,000, in 2007 the average median sales price was \$255,000 and as of September 1, 2008 the average median sales price for a home was \$232,000.



## **Community Contact**

A community contact was conducted with an organization that provides housing rehabilitation programs to low and moderate-income homeowners. The contact stated that if small loan programs were offered by local financial institutions, it could assist families in avoiding financial disaster. The contact also stated that the downtown area has changed into a service area and would like to see more small businesses and retail businesses come back. The contact emphasized the need for more financing options for the attraction and expansion of current and new businesses.

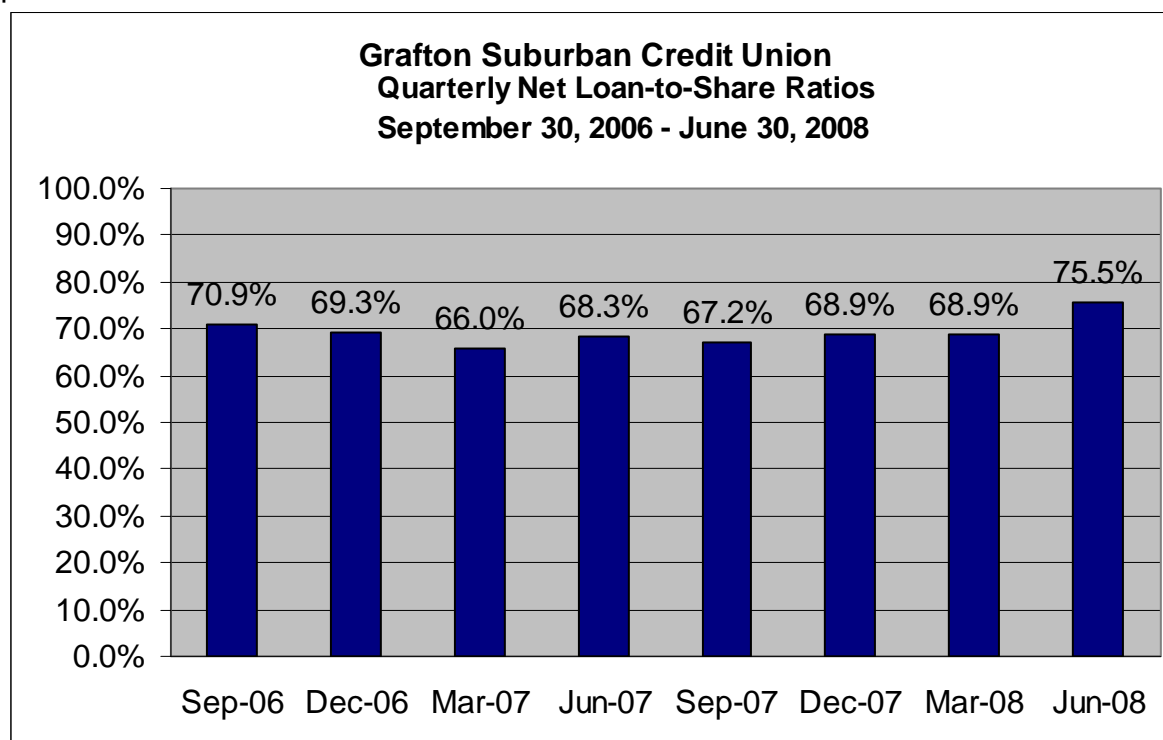


## **PERFORMANCE CRITERIA**

### **1. LOAN-TO-SHARES ANALYSIS**

A comparative analysis of Grafton Suburban Credit Union's quarterly net loan-to-share ("LTS") ratios for the period of September 30, 2006 through June 30, 2008, was conducted during this examination. Using the Credit Union's last eight quarterly 5300 Call Reports, the average net LTS ratio for this period was 69.4 percent. This ratio is based on loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total shares.

As shown in the graph below, the Credit Union's net LTS ratio has fluctuated from low of 66.0 percent in March 2007 to a high of 75.5 percent in June 2008. Net loans have increased 10.1 percent and shares have increased by 3.4 percent during this time period.



The following table illustrates the average net loan-to-share ratio that was compared against the net average loan-to-share ratio of two similarly situated institutions as of June 30, 2008.

Net Loans-to-Shares Ratios			
Credit Union	Net Loans (\$'000s)	Shares/Deposits (\$'000s)	% LTS
Grafton Suburban Credit Union	71,222	94,328	75.5
Shrewsbury Credit Union	48,491	79,846	60.7
Worcester Credit Union	47,184	62,176	75.9

*\*Source: 5300 Report, Statement of Financial Condition as of June 30, 2008.*

Based on the foregoing information, the Credit Union's asset size and resources, and the credit needs of its members, the Credit Union's net LTS ratio meets the standards for satisfactory performance.

## 2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

This performance criterion measures the percentage of the Credit Union's lending that benefits the assessment area's residents and evaluates the adequacy of such lending. The following table shows the distribution of the Credit Union's lending inside and outside of its assessment area.

Grafton Suburban Credit Union's 2006 and 2007 Loan Application Registers ("LAR"s) were reviewed to determine the amount of credit extended within the Credit Union's assessment area. During this period, the Credit Union originated 157 HMDA reportable loans totaling approximately \$20.1 million. Of these loans, 154 or 98.1 percent were originated inside the Credit Union's assessment area totaling \$18.9 million or 93.7 percent.

Refer to the following table for additional information regarding the Credit Union's HMDA reportable lending, by both number and dollar volume.

<b><i>Distribution of HMDA Loans Inside and Outside of the Assessment Area</i></b>										
<b>Year</b>	<b>Number of Loans</b>					<b>Dollars in Loans (000s)</b>				
	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
<b>2006</b>	62	98.4	1	1.6	63	7,483	96.9	240	3.1	7,723
<b>2007</b>	92	97.9	2	2.1	94	11,428	91.7	1,044	8.3	12,472
<b>Total</b>	<b>154</b>	<b>98.1</b>	<b>3</b>	<b>1.9</b>	<b>157</b>	<b>18,911</b>	<b>93.7</b>	<b>1,284</b>	<b>6.3</b>	<b>20,195</b>

Source: PCI Corporation CRA Wiz, Data Source 2000 U.S. Census

As indicated in the table above, a substantial majority of the Credit Union's loans originated during the examination period were inside the Credit Union's assessment area. Based on the above information, the Credit Union's lending inside its assessment area exceeds the standards for satisfactory performance.

## 3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

The Credit Union's HMDA reportable loans were further analyzed to determine the distribution of lending by borrower income level. The borrowers' reported incomes were compared to the median family incomes ("MFI") for Worcester County. The income figures are based on 2000 U.S. Census data information. The MFI for the Worcester MSA in 2006 and 2007 were \$71,700 and \$72,800, respectively.

Low-income is defined by the US Census Bureau as income below 50 percent of the MFI level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the MFI level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the MFI. Upper-income is defined as income equal to or greater than 120 percent of the MFI.

The following table shows, by number, HMDA reportable loans to low, moderate, middle and upper-income borrowers in comparison to the aggregate and the percentage of total families within the assessment area in each respective income group.

<b><i>Distribution of HMDA Loans by Borrower Income</i></b>								
<b><i>Median Family Income Level</i></b>	<b><i>% Families</i></b>	<b><i>Aggregate Lending Data (% of #)</i></b>	<b><i>Credit Union 2006</i></b>		<b><i>Credit Union 2007</i></b>		<b><i>Credit Union Total</i></b>	
		<b><i>2006</i></b>	<b><i>#</i></b>	<b><i>%</i></b>	<b><i>#</i></b>	<b><i>%</i></b>	<b><i>#</i></b>	<b><i>%</i></b>
<b><i>Low</i></b>	4.8	3.9	5	8.1	4	4.4	9	5.9
<b><i>Moderate</i></b>	17.0	16.9	10	16.1	20	21.7	30	19.5
<b><i>Middle</i></b>	53.0	27.9	21	33.9	27	29.3	48	31.1
<b><i>Upper</i></b>	25.2	32.0	24	38.7	40	43.5	64	41.6
<b><i>N/A</i></b>	0.0	19.3	2	3.2	1	1.1	3	1.9
<b><i>Total</i></b>	100.0	100.0	62	100.0	92	100.0	154	100.0

Source: CRA Wiz, Data Source 2000 U.S. Census

During the period reviewed, Grafton Suburban Credit Union extended 9 HMDA reportable loans in the assessment area to low-income borrowers representing 5.9 percent of total originations and 30 loans to moderate-income borrowers representing 19.5 percent. The Credit Union's percentage of lending to low-income borrowers exceeded the aggregate's lending in 2006. The Credit Union originated 8.1 percent of its loans to low-income borrowers while the aggregate originated 3.9 percent. The Credit Union was consistent with the aggregate in lending to moderate-income borrowers in 2006. The Credit Union originated 16.1 percent of its loans to moderate-income borrowers while the aggregate originated 16.9 percent. In 2007, the number of loans generated to low income borrowers by the Credit Union was slightly less than in 2006 but increased for moderate income borrowers to 21.7 %. Based upon the Credit Union's performance in lending to borrowers of different incomes, the Credit Union meets the standards for satisfactory performance.

#### **4. GEOGRAPHIC DISTRIBUTION OF LOANS**

The Credit Union's lending activity within its assessment area was reviewed in order to determine the distribution of lending among the various census tracts. As mentioned previously, the Credit Union's assessment area contains 164 census tracts of which 13 are low-income, 33 are moderate-income, 84 are middle-income, 32 are upper-income and 2 are N/A.

The following table presents the Credit Union's HMDA reportable lending performance as well as the 2006 aggregate data (exclusive of Grafton Suburban Credit Union). In addition, the table also reflects the percentage of owner-occupied housing units in each of the census tract income categories.

<b><i>Distribution of HMDA Loans by Income Category of the Census Tract</i></b>								
<b>Census Tract Income Level</b>	<b>% Total Owner-Occupied Housing Units</b>	<b>Aggregate Lending Data (% of #)</b>	<b>Credit Union 2006</b>		<b>Credit Union 2007</b>		<b>Credit Union Total</b>	
		<b>2006</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	1.5	3.4	1	1.6	0	0.0	1	0.6
<b>Moderate</b>	12.3	16.1	1	1.6	0	0.0	1	0.6
<b>Middle</b>	57.3	57.6	29	46.8	51	55.4	80	52.0
<b>Upper</b>	28.9	22.9	31	50.0	41	44.6	72	46.8
<b>Total</b>	100.0	100.0	62	100.0	92	100.0	154	100.0

Source: PCI Corporation CRA Wiz, 2000 U.S. Census

During the period reviewed, Grafton Suburban Credit Union extended 1 HMDA reportable loan in the assessment area in low-income census tracts and 1 loan in moderate-income census tracts, respectively. The Credit Union originated 1.6 percent of its loans in low-income census tracts while the aggregate originated 3.4 percent. The Credit Union originated 1.6 percent of its loans in moderate-income census tracts while the aggregate originated 16.1 percent.

Based on the above information, the Credit Union's distribution of HMDA reportable loans by census tract income level does not meet the standards for satisfactory performance. Although the geographic distribution of loans by census tracts demonstrates an uneven dispersion, there are several reasons that explain the low number of loans originated in low- and moderate-income tracts. First, only 1.5 percent of the low-income census tracts are owner-occupied properties and only 12.3 percent are moderate-income owner-occupied properties, therefore limiting the number of loans available in these census tracts. Second, the Credit Union does not use outside loan originators and there is strong competition in the area.

## **COMPLIANCE WITH ANTI-DISCRIMINATION LAWS AND REGULATIONS**

A review was conducted for compliance with fair lending regulations, and no evidence of disparate treatment or impact was revealed.

A review of the Division's records, as well as the Credit Union's Public CRA File did not reveal any complaints relating to the Credit Union's CRA performance since the prior evaluation.

The Credit Union has a second review process in place. All denied loan applications must be reviewed by the Vice President of Financial Services and the Assistant Vice President of Loan Operations.

Currently, there are seven bilingual employees to assist non-English speaking customers and potential customers at the Credit Union. Languages spoken are: French, Portuguese, Spanish, Hindi and Lebanese. As a result, the Credit Union is able to provide better service to customers of different ethnic backgrounds.

## MINORITY APPLICATION FLOW

The Credit Union's level of lending was compared with that of the aggregate's lending performance levels for the most recent year that data was available, the year 2006. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Credit Union received from minority residential loan applicants. The Credit Union's performance was below the 2006 aggregate's performance level with regard to applications received from both racial and ethnic minority applicants. The Credit Union received 1.2 percent of its applications from minorities while the aggregate was much higher at 6.7 percent. The Credit Union received 1.2 percent of its applications from Hispanic applicants while the aggregate received 5.5 percent.

Grafton Suburban Credit Union received 192 HMDA reportable loan applications from within its assessment area in 2006 and 2007. Of these applications, 2 or 1.0 percent were received from minority applicants, of both resulted in originations. The Credit Union received 2 HMDA reportable applications from Hispanic applicants within its assessment area of both resulted in originations. Refer to the following table for information on the Credit Union's minority application flow as well as a comparison of the aggregate lenders throughout the Credit Union's assessment area.

MINORITY APPLICATION FLOW								
RACE	2006 Aggregate Data		Credit Union 2006		Credit Union 2007		Total Credit Union	
	#	%	#	%	#	%	#	%
<i>American Indian/ Alaska Native</i>	202	0.2	0	0.0	0	0.0	0	0.0
<i>Asian</i>	1,524	1.7	0	0.0	0	0.0	0	0.0
<i>Black/ African American</i>	3,417	3.8	1	1.2	1	1.0	2	1.0
<i>Hawaiian/Pac Isl.</i>	222	0.2	0	0.0	0	0.0	0	0.0
<i>2 or more Minority</i>	40	0.1	0	0.0	0	0.0	0	0.0
<i>Joint Race (White/Minority)</i>	625	0.7	0	0.0	0	0.0	0	0.0
<b>Total Minority</b>	<b>6,030</b>	<b>6.7</b>	<b>1</b>	<b>1.2</b>	<b>1</b>	<b>1.0</b>	<b>2</b>	<b>1.0</b>
<i>White</i>	57,793	64.9	69	85.2	106	95.4	175	91.2
<i>Race Not Available</i>	25,260	28.4	11	13.6	4	3.6	15	7.8
<b>Total</b>	<b>89,083</b>	<b>100.0</b>	<b>81</b>	<b>100.0</b>	<b>111</b>	<b>100.0</b>	<b>192</b>	<b>100.0</b>
ETHNICITY								
<i>Hispanic or Latino</i>	4,937	5.5	1	1.2	0	0.0	1	0.5
<i>Not Hispanic or Latino</i>	59,140	66.4	68	84.0	107	96.4	175	91.2
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	686	0.8	1	1.2	0	0.0	1	0.5
<i>Ethnicity Not Available</i>	24,320	27.3	11	13.6	4	3.6	15	7.8
<b>Total</b>	<b>89,083</b>	<b>100.0</b>	<b>81</b>	<b>100.0</b>	<b>111</b>	<b>100.0</b>	<b>192</b>	<b>100.0</b>

Source: PCI Corporation, CRA Wiz, Data Source: 2000 U.S. Census Data

According to the 2000 U.S. Census Data, the Credit Union's assessment area contained a total population of 750,963 individuals of which 13.5 percent are minorities. The assessment areas minority and ethnic population is 2.4 percent Black/African American, 2.6 percent Asian, 0.2 percent American Indian, 0.1 percent Hawaiian/Pacific Islander, 6.7 percent Hispanic or Latino and 1.5 percent other. The Credit Union's minority application flow is below expectations given the demographic makeup of the assessment area.

## GENERAL DEFINITIONS

### Geography Terms

**Census Tract:** Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Metropolitan Area (MA):** One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

**Metropolitan Statistical Area (MSA):** One or more metropolitan areas that have economic and social ties.

**Primary Metropolitan Statistical Area (PMSA):** A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

**Consolidated Metropolitan Statistical Area (CMSA):** The larger area of which PMSAs are component parts.

**Non-Metropolitan Area:** All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

### Housing Terms

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

## **Income Terms**

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

**Family Income:** Includes the income of all members of a family that are age 15 and older.

**Household Income:** Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

**HUD Adjusted Income Data:** The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

## **Other Terms**

**Home Mortgage Disclosure Loan Application Register (HMDA LAR):** The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

## PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 86 Worcester Street, North Grafton, MA 01536-1047"

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.